PROVINCE OF SASKATCHEWAN

08-09

ANNUAL REPORT

JUDGES OF THE PROVINCIAL COURT SUPERANNUATION PLAN

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Letters of Transmittal

His Honour, The Honourable Dr. Gordon L. Barnhart
Lieutenant Governor of the Province of Saskatchewan

Dear Sir:

I have the honour to transmit herewith the thirty-first Annual Report of the Judges of the Provincial Court Superannuation Plan for the year ending March 31, 2009.

I have the honour to be, Sir,

Your obedient servant,

Rod Gantefoer
Minister of Finance

Judges of the Provincial Court Superannuation Plan

Introduction

The Judges of the Provincial Court Superannuation Plan (Plan) was established under *The Provincial Court Act* (continued as *The Provincial Court Act, 1998*) to provide pension benefits to judges in the event of retirement and secondarily in the event of termination of employment. Previously pensions had been provided to qualifying judges through *The Magistrates' Courts Act*. Judges appointed at the time the Plan was established had the option of retaining the benefits provided under *The Magistrates' Courts Act*, or opting to contribute to the Plan and earn a pension under *The Provincial Court Act*. For those judges who transferred, service under *The Magistrates' Courts Act* is included as service in the calculation of pensions under *The Provincial Court Act, 1998*. The Plan also provides benefits to the dependents of deceased judges and superannuates in the event of death either prior, or subsequent to retirement.

Operation of the Plan

The Plan is a defined benefit pension plan, which provides a benefit based on a judge's highest earnings during specified periods taking into consideration their total years of service to a maximum of 23 1/3 years. Judges contribute 5% of their salary to the Plan.

Any deficiencies in the Plan are paid out of the General Revenue Fund and are the responsibility of the Government of Saskatchewan.

The following table below shows the number of active and retired judges in the Plan as of the current and prior year-ends.

	March 31, 2009	March 31, 2008
Active Judges	51	51
Inactive Members	4	6
Retired Judges *	46	40
Totals	**101**	**97**

*Includes Superannuates, plus their dependents that are now in receipt of a survivor pension.

Benefit Payments

During the Plan year, benefit payments are made in accordance with the Plan rules due to retirement of judges, termination of employment and death benefits – either due to death of a judge or a superannuate.

Contributions to the Plan

In accordance with the contribution schedules outlined above, judges' contributions to the Plan during the year totaled $457,706. As at March 31, 2009, 44 judges were contributing to the Plan. This compares to $436,538 as of the previous fiscal year end.

Investment Performance

The Minister of Finance is responsible for holding in trust and investing the monies in the Plan. The Minister has retained the services of Greystone Capital Management Inc. to be the investment manager.

The investment manager makes the day-to-day decision of whether to buy or sell specific investments in order to achieve the long-term investment performances, as set out in the Investment Policy Statement for the Plan. It is against these long-term investment performances that the performance of the investment manager is assessed.

The Plan's long-term investment performance objective is to outperform a benchmark portfolio constructed as follows:

Asset Class	Market Index	Weight
Canadian	S&P/TSX Composite CPMS CAP 10 Index	22%
US	S&P 500 US Stock Index	14%
Non-North American	MSCI EAFE Index	14%
Fixed Income Bonds	DEX Universe Bond Index	45%
Short-Term Investments	91 Day Canadian Treasury Bill	5%
Total		**100%**

The objective of the Plan is to achieve a return that is equal to or greater than the return achieved from this benchmark portfolio over a rolling four-year period. The performance history of the Plan as of March 31, 2009 has been:

	1-Year Return	Rolling 4 Year Average
Fund's Return	(14.5%)	1.6%
Benchmark Return	(14.1%)	1.2%

Cash Flow Forecast

The total cash inflow is the amount of contributions expected to be received by the pension plan. The total cash outflows are the amounts that are required to pay all pension obligations. The net cash outflows do not consider future investment income and the redemption of investments. Forecast of cash flows have been determined using the following long-term assumptions:

Factor	Current Year Assumptions	Prior Year Assumptions
Salary Escalation	3.50%	3.50%
Inflation Rate	2.50%	2.50%
Discount Rate	5.40%	5.00%
Return on Assets	6.00%	6.00%
Mortality Table	UP94 (projected to 2021)	UP94 (projected to 2021)
Indexing Post April 1, 2003	75% CPI	75% CPI
Indexing Pre April 1, 2003	70% CPI	70% CPI

The actuarial valuations prepared by Aon Consulting Inc., also take into consideration mortality under the Plan, which is reflected in the Net Cash Flow Forecasts.

Year	Net Cash Outflows (000's)
2009-2010	$3,430
2010-2011	$4,083
2011-2012	$4,529
2012-2013	$4,942
2013-2014	$5,413
Total next 5 Years	$22,397
Total 5-10 Years	$33,854
Total 11-30 Years	$194,329

Administration

The Public Employees Benefits Agency (PEBA) has responsibility for the operation, administration and management of several superannuation Plans and other employee benefits programs. Administration of the Judges of the Provincial Court Superannuation Plan is carried out by PEBA.

Management's Report

To the Members of the Legislative Assembly of Saskatchewan

Administration of the Plan is presently assigned to the Public Employees Benefits Agency of the Ministry of Finance. Management is responsible for financial administration, administration of the funds and managing of assets.

The financial statements, which follow have been prepared by management in conformity with Canadian generally accepted accounting principles. Management uses internal controls and exercises its best judgement in order that the financial statements reflect fairly the financial position of the Plan.

The present value of accrued pension benefits is determined by an actuarial valuation. Actuarial valuation reports require best estimate assumptions about future events which require approval by management.

The financial statements have been audited by the Provincial Auditor whose report follows.

Brian Smith
Assistant Deputy Minister
Public Employees Benefits Agency

A. Mackrill

Ann Mackrill
Director, Pension Programs
Public Employees Benefits Agency

K Deck

Kathy Deck
Director, Financial Services
Public Employees Benefits Agency

Regina, Saskatchewan
June 15, 2009

Actuary's Opinion

Aon Consulting Inc. was retained by the Public Employees Benefits Agency (PEBA) to perform an actuarial valuation of the accrued pension benefits of the Judges of the Provincial Court Superannuation Plan (Plan) on an accounting basis as at March 31, 2009.

The valuation of the Plan's actuarial accrued pension benefits was based on:

- Membership data as of March 31, 2009 and asset data as of March 31, 2009 as provided by the Public Employees Benefits Agency;
- Methods prescribed by The Canadian Institute of Chartered Accountants for pension plan financial statements; and
- Assumptions about future events (economic and demographic) which were developed by management and Aon Consulting Inc. and are considered as management's best estimate of these events.

The actuarial assumptions used to estimate accrued pension benefits for the Plan's financial statements contained in the Annual Report represent management's best estimate of future events, and in our opinion these assumptions are not unreasonable, when considering the circumstances of the Plan and the purpose of the valuation and extrapolation. Nonetheless, emerging experience differing from the assumptions will result in gains or losses that will be revealed in future valuations, and will affect the financial position of the Plan.

We have tested the data for reasonableness and consistency with prior valuations and in our opinion the data is sufficient and reliable for the purposes of the valuation. We also believe that the methods employed in the valuation are appropriate.

Our opinions have been given and our valuation has been performed in accordance with accepted actuarial practice.

David R. Larsen, FSA, FCIA
Aon Consulting Inc.

June 15, 2009

Judges of the Provincial Court Superannuation Plan

Financial Statements

Year Ended March 31, 2009

Auditor's Report

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of net assets available for benefits, accrued pension benefits and unfunded liability of the Judges of the Provincial Court Superannuation Plan as at March 31, 2009 and the statements of changes in net assets available for benefits, and changes in accrued pension benefits for the year then ended. The Plan's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits, accrued pension benefits and unfunded liability of the Plan as at March 31, 2009 and the changes in net assets available for benefits and changes in accrued pension benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
June 15, 2009

Fred Wendel, CMA, CA
Provincial Auditor

Judges of the Provincial Court Superannuation Plan
Statement of Net Assets Available for Benefits, Accrued Pension Benefits and Unfunded Liability

Statement 1

As At March 31

	2009 (000's)	2008 (000's)
ASSETS		
Due from General Revenue Fund (Note 6)	$ 95	$ 11
Investments		
Pooled funds (Note 3)	16,431	18,677
	16,526	18,688
Receivables		
Employees' contributions	1	-
Other	268	489
Total assets	16,795	19,177
LIABILITIES		
Accounts payable	318	26
Total liabilities	318	26
NET ASSETS AVAILABLE FOR BENEFITS (Statement 2)	16,477	19,151
Accrued pension benefits (Statement 3)	99,320	93,869
Unfunded liability	$82,843	$74,718

(See accompanying notes to the financial statements)

Judges of the Provincial Court Superannuation Plan
Statement of Changes in Net Assets Available for Benefits

Statement 2

Year Ended March 31

	2009 (000's)	2008 (000's)
INCREASE IN ASSETS		
Investment income		
Interest	$ 9	$ 5
Distributions-pooled funds (Note 2)	745	1,295
	754	1,300
Contributions by judges	458	437
Deficiency recoveries from General Revenue Fund (Note 4)	3,249	2,689
Total increase in assets	4,461	4,426
DECREASE IN ASSETS		
Administration expenses (Note 11)	76	89
Decrease in market value (Note 2)	3,460	1,331
Refunds	16	-
Superannuation allowances		
Magistrates' Courts Act	207	203
Provincial Court Act	3,376	2,639
Total decrease in assets	7,135	4,262
(DECREASE)/INCREASE IN NET ASSETS	(2,674)	164
NET ASSETS AVAILABLE FOR BENEFITS, beginning of year	19,151	18,987
NET ASSETS AVAILABLE FOR BENEFITS, end of year - to Statement 1	$16,477	$19,151

(See accompanying notes to the financial statements)

Judges of the Provincial Court Superannuation Plan
Statement of Changes in Accrued Pension Benefits

Statement 3

Year Ended March 31

	2009 (000's)	2008 (000's)
ACCRUED PENSION BENEFITS, beginning of year	$93,869	$90,798
INCREASE IN ACCRUED PENSION BENEFITS		
Interest on accrued benefits	4,713	4,583
Benefits accrued	4,370	4,565
Net experience loss (Note 5)	2,883	-
Change in early retirement provisions (Note 5)	2,339	-
Addition of new members	64	373
	14,369	9,521
DECREASE IN ACCRUED PENSION BENEFITS		
Benefits paid	3,599	2,842
Change in assumptions (Note 5)	5,319	2,577
Net experience gain	-	1,031
	8,918	6,450
ACCRUED PENSION BENEFITS, end of year – to Statement 1	$99,320	$93,869

(See accompanying notes to the financial statements)

Judges of the Provincial Court Superannuation Plan
Notes to the Financial Statements

March 31, 2009

1. Description of the Plan

a) General

The Judges of the Provincial Court Superannuation Plan (Plan) provides defined benefit final average pensions to the Judges of the Provincial Court of Saskatchewan under *The Provincial Court Act, 1998*.

The Provincial Court Act, 1998 also provides authority to the Judges of the Provincial Court Superannuation Fund (Fund) to accumulate all contributions by judges, investment income and payments received from the General Revenue Fund. Pensions, annuities, supplementary allowances, refunds and interest are paid out of the Fund.

Under *The Provincial Court Act, 1998*, the judges are entitled to a retirement benefit from the pension plan (called registered pension plan) under *The Provincial Court Pension Plan Regulations* to the maximum permitted by *The Income Tax Act (Canada)* and an additional retirement benefit under *The Provincial Court Compensation Regulations*. The additional retirement benefit is not part of the registered pension plan.

Further plan details are contained in *The Provincial Court Act, 1998*, and the related regulations.

b) Administration

The Minister of Finance administers the Fund and is responsible for the investment of the Fund. Day-to-day administration is provided by the Public Employees Benefits Agency (PEBA).

c) Funding Policy

Judges contribute 5% of salary each year.

d) Retirement

The normal retirement age is 65. Judges appointed under *The Magistrates' Courts Act* retire at age 70. There is only one active member remaining who will receive benefits under *The Magistrates' Courts Act*. There are nine members appointed under *The Magistrates' Courts Act* who have elected to receive benefits under *The Provincial Court Act, 1998* and four members receiving benefits under *The Magistrates' Courts Act*.

e) Registered Pension Plan

Pursuant to *The Provincial Court Pension Plan Regulations*, the annual pension payable to a superannuated judge is 2% of the average of the judge's highest three years of salary to the maximum permitted by *The Income Tax Act (Canada)*, multiplied by the total number of years of service for which the judge has contributed. The maximum number of years of service is 23 1/3 years.

f) **Additional Retirement Benefits**

Judges are entitled to receive a retirement benefit, including the benefit from the registered pension plan, of 3% of the average of the judge's highest three years of salary, multiplied by the total number of years of service for which the judge has contributed. The maximum number of years of service is 23 1/3 years. Under *The Provincial Court Compensation Regulations*, judges, who have served for at least 18 years, have attained the age of 58 years or more and the total of the judge's age in years and years of contributory service equals 80 or more, are entitled to a retirement benefit including the benefit from the registered pension plan of 70% of the average of the judge's highest three years of salary.

The Provincial Court Compensation Regulations provide for benefits for judges appointed after September 30, 1978 and before December 13, 1985. A judge appointed between these dates, who was 50 years or less on the day of appointment, was engaged in the practice of law for 10 years prior to appointment, was a member in good standing of the bar in a province of Canada for at least 10 years prior to appointment, retires at age 65 and at retirement has served continuously for at least 15 years as a judge, is entitled to a retirement benefit including the benefit from the registered pension plan of 70% of the average of the judge's highest three years of salary.

g) **Refunds of Contributions**

A judge who retires, resigns or is removed from office, and who is not entitled to receive a pension, is entitled to receive a refund of contributions together with interest.

h) **Income Tax**

The Plan is a registered pension plan, as defined by the *Income Tax Act (Canada)* and accordingly, is not subject to income taxes. Allowances and refunds are subject to withholding taxes that are remitted to Canada Revenue Agency.

2. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following policies are considered significant.

a) **Change in Accounting Policies**

Effective April 1, 2008, three new presentation and disclosure standards were adopted: Canadian Institute of Chartered Accountants (CICA) Handbook Section 1535, *Capital Disclosures* (Section 1535); Handbook Section 3862, *Financial Instruments - Disclosures* (Section 3862); and Handbook Section 3863, *Financial Instruments - Presentation* (Section 3863).

Section 1535 requires the disclosure of both qualitative and quantitative information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital. As this standard only addressed disclosure requirements, there is no change in net assets.

Section 3862 and 3863 replaced Handbook section 3861, *Financial Instruments - Disclosure and Presentation*. The new disclosure standards increase the disclosures related to financial instruments and the nature, extent and management of the Plan's risks arising from financial instruments. The presentation standards carry forward unchanged from the former presentation requirements. As these standards only address disclosure and presentation requirements, there is no impact on the Plan's net assets.

b) **Investments**

Pooled fund investments are valued at the unit value supplied by the pooled fund administrator, which represent the underlying net assets of the pooled fund at fair values determined using closing bid prices.

The change in the market value of investments during the year is reflected on the financial statements as a market value adjustment.

c) **Investment Income and Transaction Costs**

Investment transactions are recorded on the trade date. Transactions conducted in foreign currencies are translated into Canadian dollars using the exchange rate in effect at the transaction date. Distributions are recognized on the record date. Monetary items denominated in foreign currency are translated at the exchange rate in effect at year-end.

d) **Future Accounting Policy Changes**

The Accounting Standards Board of the Canadian Institute of Chartered Accountants has issued an exposure draft proposing to adopt International Financial Reporting Standards (IFRS) effective April 1, 2011. Currently, pension plans are not required to convert to IFRS completely. The Plan is monitoring the transition to IFRS and is assessing the impact that the adoption of IFRS will have on its financial statements when conversion is required.

3. Investments

The Plan limits its investments in pooled equity funds to 10% of the market value of each fund. Foreign equities including foreign pooled funds are limited to 40% of the market value of the investment portfolio and are denominated in Canadian dollars. The Plan's units in pooled funds have no fixed interest rate and the returns are based on the success of the fund manager. The Plan's pooled funds are comprised of the following:

	Units Held		% of Total Units Outstanding		Market Value		Investment Income and Change in Market Value	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
	(000's)				(000's)		(000's)	
Greystone Fixed Income Fund	672	756	1.63	1.74	$6,785	$7,826	$ 257	$ 408
Greystone Canadian Equity Fund	198	133	0.28	0.28	3,327	3,678	(1,462)	84
Greystone EAFE Plus Fund	372	284	0.19	0.17	2,217	2,685	(938)	(357)
Greystone US Equity Fund	312	242	2.22	2.02	2,786	2,704	(613)	(242)
Greystone Money Market Fund	132	178	0.65	1.02	1,316	1,784	41	71
					$16,431	$18,677	$(2,715)	$ (36)

The Greystone EAFE Plus Fund holds units in the Greystone EAFE Quantitative Fund and the Greystone EAFE Growth Fund. These funds may use derivative financial instruments such as

foreign currency forward exchange contracts and future contracts for hedging foreign currency and replicating indexes.

Derivative financial instruments are financial contracts that change in value resulting from changes in underlying assets or indices. Derivatives transactions are conducted in over-the-counter markets directly between two counterparties or on regulated exchange markets. All derivative financial instruments are recorded at market value using market prices. Where market prices are not readily available, other valuation techniques are used to determine market value.

4. Deficiency Recoveries from the General Revenue Fund

Section 22 of *The Provincial Court Act, 1998* provides that annuities under *The Magistrates' Courts Act* shall be paid out of the Fund. A judge of the magistrates' courts may elect to receive an annuity to which he/she was entitled under *The Magistrates' Courts Act* rather than contributing to the Fund and receiving benefits as determined by *The Provincial Court Act, 1998*. Accordingly, the annuities which are now or will become payable under *The Magistrates' Courts Act* are considered to be a deficiency and the Fund is reimbursed by the General Revenue Fund (GRF) each year. Also, any amounts payable under *The Provincial Court Act, 1998* to superannuates in excess of an individual's accumulated contributions are considered as a deficiency, and are recovered from the GRF. In addition, the GRF may make lump sum contributions to reduce any unfunded liability.

During the year, the Fund determined and received the following deficiency recoveries from the GRF:

	2009	2008
	(000's)	(000's)
Deficiencies - *The Magistrates' Courts Act*	$ 207	$ 203
- *The Provincial Court Act, 1998*	3,042	2,486
	$3,249	$2,689

5. Obligations for Pension Benefits

The present value of accrued pension benefits was determined using the projected benefit method pro rated on services and the best estimate assumptions approved by PEBA. Aon Consulting Inc. completed an actuarial valuation of the Plan at March 31, 2009.

The pension liability is based on a number of assumptions about future events including: salary escalation rate, inflation, discount rate, mortality, post-retirement indexing, retirements and terminations. The actual rates may vary significantly from the long-term assumptions used.

The significant long-term assumptions used in the actuarial valuation of accrued pension benefits are as follows:

	2009	2008
Salary escalation rate	3.50%	3.50%
Inflation rate	2.50%	2.50%
Discount rate	5.40%	5.00%
Mortality table	UP94 (projected to 2021)	UP94 (projected to 2021)
Indexing post April 1, 2003	75% CPI	75% CPI
Indexing pre April 1, 2003	70% CPI	70% CPI

The net experience loss was mainly due to salary increases being greater than expected, pension increases being greater than expected and mortality experience being less than expected offset by gains due to improvements in data.

On and after April 1, 2009, a judge who is less than 65 years of age but more than 55 years of age on the day on which he or she ceases to be a judge is entitled to receive a pension for life reduced by 5% times the lesser of the number obtained by subtracting the judge's age from 60 and the number obtained by subtracting the total of the judge's age and contributory service from 80. The effect of this change is reflected on Statement 3.

The following illustrates the effect on the pension liability if the assumptions used in estimating the liabilities change:

	Long-term Assumptions							
	Inflation*		**Salary**		**Discount Rate**		**Post-retirement Indexing ****	
Assumptions	3.50%	1.50%	4.50%	2.50%	6.40%	4.40%	2.45%/2.625%	1.05%/1.125%
(Decrease) increase in liability	(3.5%)	3.8%	2.1%	(2.0%)	(11.6%)	14.2%	10.3%	(8.9%)

* A change in the inflation rate of 1% has a corresponding change in the interest rate and salary scale of 1% and post-retirement indexing of 0.7% for pre April 1, 2003 and 0.75% for post April 1, 2003 retirees.

** Post retirement indexing includes the impact of a 1% change in the pre 2003 indexing and in the post 2003 indexing.

If there are insufficient monies in the Fund to pay allowances or other payments, the Minister of Finance is obligated to pay any such deficiency out of the GRF. The unfunded liability for the Plan is not payable immediately. The expected cash inflows from contributions and the expected cash outflows to pay the required pension obligation are calculated using the above assumptions. The net cash outflows do not consider future investment income and the redemption of investments. The expected net cash flows are not adjusted for inflation, they are based on actual dollar forecasts. The estimated net cash outflows for the next 5 years are $22.4 million, for the next 10 years $56.2 million and for the next 30 years $250.6 million.

6. Due from General Revenue Fund

The Fund's bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan.

The earned interest on the bank account is calculated and paid from the General Revenue Fund on a quarterly basis using the Government's thirty day borrowing rate and the average daily bank account balance. The Government's average thirty day borrowing rate for the year ended March 31, 2009 was 1.95% (2008 – 4.08%).

7. Financial Risk Management

The nature of the Plan's operations result in a statement of net assets available for benefits, accrued pension benefits and unfunded liability that consists primarily of financial instruments. The risks that arise are credit risk, market risk (consisting of interest rate risk, foreign exchange risk and equity price risk) and liquidity risk.

Significant financial risks are related to the Plan's investments. These financial risks are managed by having an investment policy, which is approved annually by PEBA. The investment policy provides guidelines to the Plan's investments managers for the asset mix of the portfolio regarding quality and quantity of fixed income and equity investments. The asset mix helps to reduce the impact of market value fluctuations by requiring investments in different asset classes and in domestic and foreign markets. PEBA reviews regular compliance reports from its investment managers and custodian as to their compliance with the investment policy. PEBA also reviews regular compliance reports from its custodian as to the investment managers' compliance with the investment policy.

Credit risk

Credit risk is the risk that one party does not pay funds owed to another party. The Plan's credit risk arises primarily from accounts receivable and certain investments. The maximum credit risk to which it is exposed at March 31, 2009 is limited to the carrying value of the financial assets summarized as follows:

	2009 Carrying value ($000's)	2008 Carrying value ($000's)
Receivables	$ 269	$ 489
Due from the General Revenue Fund	95	11
Fixed income investments[1]	8,101	9,610

[1] Includes the fixed income and money market pooled funds.

Accounts receivable are primarily made up of deficiency payments receivable from the General Revenue Fund.

Credit risk within investments is primarily related to the Money Market Pooled Fund and the Fixed Income Pooled Fund. It is managed through the investment policy that limits fixed term investments to those of high credit quality (minimum rating for bonds, BBB, and for short-term investments is R-1) along with limits to the maximum notional amount of exposure with respect to any one issuer.

Market risk

Market risk represents the potential for loss from changes in the value of financial instruments. Value can be affected by changes in interest rates, foreign exchange rates and equity prices. Market risk primarily impacts the value of investments.

<u>Interest rate risk</u>

The Plan is exposed to changes in interest rates in its fixed income investments. Duration is a measure used to estimate the extent market values of fixed income instruments change with changes in interest rates. Using this measure, it is estimated that a 100 basis point change in

interest rates would change net assets available for benefits and unfunded liability by $0.43 million at March 31, 2009, representing 6.4% of the $6.8 million fair value of fixed income investments.

Foreign exchange

The Plan is exposed to changes in the U.S. dollar exchange through its U.S. equity pooled fund. Also, the Plan is exposed to EAFE (Europe, Australasia and Far East) currencies through its investment in EAFE equity pooled fund. Exposure to both U.S. equities and non-North American equities is limited to a maximum 40% of the market value of the total investment portfolio. At March 31, 2009, the Plan's exposure to U.S. equities was 17.0% (2008 – 14.5%) and its exposure to non-north American equities was 13.5% (2008 – 14.4%).

At March 31, 2009, a 10% change in the Canadian dollar versus U.S. dollar exchange rate would result in approximately a $0.28 million change in net assets available for benefits and unfunded liability. A 10% change in the Canadian dollar versus the EAFE currencies would result in approximately a $0.22 million change in net assets available for benefits and unfunded liability.

Equity prices

The Plan is exposed to changes in equity prices in Canadian, U.S. and EAFE markets through its pooled funds. Equity pooled funds comprise 50.7% (2008 – 48,5%) of the market value of the Plan's total investments.

The following table indicates the approximate change that could be anticipated to both the change in net assets available for benefits and unfunded liability based on changes in the Plan's benchmark indices March 31, 2009:

	($000's)	
	10% increase	10% decrease
S&P/TSX Composite Index	$ 333	$ (333)
S&P 500 Index	279	(279)
MSCI EAFE Index	222	(222)

Liquidity risk

Liquidity risk is the risk that the Plan is unable to meet its financial obligations as they fall due. Cash resources are managed on a daily basis based on anticipated cash flows. Accounts payable and accrued liabilities will be paid within the next fiscal period.

8. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Plan by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control or significant influence by the Government of Saskatchewan collectively referred to as "related parties". The operating expenses associated with administering the Plan are paid to the PEBA Revolving Fund.

The Plan administers the disability benefits program for judges on behalf of the Ministry of Justice. Section 20 of *The Provincial Court Act, 1998* states that disability payments are a charge on and payable out of the General Revenue Fund (GRF). During the year, the Plan processed disability

benefits of $226,712 (2008 - $331,198) for GRF. These transactions are not reflected in these financial statements. At year end, other receivables include $35,797 (2008 - $ nil) from the Ministry of Justice representing the disability benefits paid that the Ministry of Justice has not yet paid to the Plan.

Other transactions with related parties and amounts due to or from them are disclosed separately in these financial statements and notes.

Related party transactions with the Plan are in the normal course of operation and are recorded at exchange amounts agreed to by the parties to the transactions.

9. Fair Value of Financial Assets and Financial Liabilities

For the following financial instruments, the fair value approximates their carrying value due to the immediate or short-term nature of these instruments.

a) Due from General Revenue Fund
b) Receivables
c) Accounts payable

The fair value of investments are disclosed in Note 2.

The fair value of accrued pension benefits cannot be readily determined, however information about the accrued pension benefits is provided in Note 5.

10. Investment Performance

The investment manager makes day-to-day decisions on whether to buy or sell investments in order to achieve the long-term performance objectives set by the Minister. PEBA reviews the investment performance of the Plan in terms of the performance of the benchmark portfolio over four year rolling periods. The primary long-term investment performance objective for the entire portfolio is to outperform a benchmark portfolio.

The following is a summary of the Plan's investment performance:

	2009	2008	Rolling Four Year Average Annual Return
Plan's actual rate of return (a)	(14.5%)	(0.12%)	1.6%
Plan's benchmark (b)	(14.1%)	(0.51%)	1.2%

(a) Annual returns are before deducting investment expenses.
(b) The Plan's benchmark for its investment portfolio has been determined using the actual returns of the market indexes such as the Toronto Stock Exchange Capped Composite Index, the S&P 500 Index, the Morgan Stanley Capped International Europe Australia Far East Index and the DEX Universe Bond Index

11. Administration Expenses

	2009		2008
	Budget (000's)	Actual (000's)	Actual (000's)
Administration - PEBA Revolving Fund	$34	$43	$52
Investment management fees - Greystone Capital Management Inc.*	39	33	37
	$73	$76	$89

*Investment management fees are based on the market value of the Fund's portfolio